

1 Q. Did you call up anybody from  
2 Cerberus and say I hear you terminated the  
3 relationship, is that true?

4 A. I never called anybody from Cerberus.

5 Q. What about their lawyer?

6 A. We talked, I think, to their lawyers  
7 about the conflict on a number of occasions.

8 Q. Who is "we"?

9 A. I did. Mr. Bressler, maybe  
10 Mr. Kipnes, I'm not sure. But I remember  
11 discussing the conflict issue with them.

12 Q. In March of 2002, did you discuss  
13 with anybody from Cerberus, that lawyer or  
14 anybody else, whether Mr. Crowley's  
15 statements, statement to you that the  
16 relationship had been terminated, was true?

17 MR. KIPNES: Contractual  
18 relationship was his testimony.

19 THE WITNESS: You mentioned  
20 March. I cannot recall when I first  
21 talked to counsel for Cerberus, except  
22 to say that just as you had called me  
23 after my appointment, their attorneys  
24 called and asked for the opportunity to

1           come in and speak with me. We granted  
2           them that opportunity. They came in. I  
3           think Mr. Bressler was there. Maybe  
4           someone else from my office was there  
5           and we talked about the conflict  
6           problem. My recollection is that they  
7           either said or indicated that that  
8           matter had been resolved. I did not ask  
9           them at that time to show me a document.

10          Q. You said that matter had been  
11         resolved. Did you ask them whether the  
12         relationship between Cerberus and Crowley  
13         had been terminated?

14          A. I think we did, yes.

15          Q. What did they say?

16          A. I think it was pretty much what Dan  
17         Crowley said that that relationship no  
18         longer existed, except that Crowley had a  
19         claim for compensation.

20          Q. Was it your understanding they were  
21         talking about all relationships between  
22         Cerberus and Crowley?

23          A. No. I can't say that I emphasized  
24         the word "all." I didn't know that there

1 was anything beside Coram. I couldn't ask  
2 that.

3 Q. Do you know that now?

4 A. I think there were some.

5 Q. When did you learn that?

6 A. I guess as this matter unfolded.

7 Q. Did you ask -- tell me who told, who  
8 from who, representing Cerberus, told you  
9 that the matter had been resolved?

10 A. I can't recall the name of their  
11 attorney who came in.

12 Q. Did you ask that person or did you  
13 ask anybody from Cerberus whether the  
14 \$80,000 a month payments were being  
15 continued in March?

16 A. Well, we didn't ask about 80,000  
17 payments. We asked whether there was any  
18 compensation. I did not know about -- I  
19 don't think I knew at that time  
20 specifically about 80,000 per month.

21 Q. Mr. Adams, this opinion by  
22 Judge Walrath is full of \$80,000.

23 A. Well --

24 Q. Is it your testimony you didn't pay

1 attention to that?

2 MR. GODNICK: Objection.

3 THE WITNESS: That is not my  
4 territory. You are asking me what I  
5 recall of the meeting. That's the best  
6 I can do for you. I can't make up  
7 things to answer your question. I can  
8 only tell you what my recollection is.

9 BY MR. LEVY:

10 Q. Do you have the emphasis in  
11 Judge Walrath's opinion on these payments  
12 of \$80,000 a month -- did you not consider  
13 them important to ask Cerberus whether they  
14 were still paying \$80,000 now a month?.

15 MR. GODNICK: Objection.

16 THE WITNESS: I thought we  
17 were asking whether there was any  
18 compensation. I don't think I stopped  
19 at the 80,000.

20 BY MR. LEVY:

21 Q. They told you?

22 A. My impression was they told me that  
23 there were no current payments being made,  
24 but there was this obligation to pay

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1 something for past services.

2 Q. Cerberus told you that?

3 A. Yes.

4 Q. For past service rendered by Crowley  
5 to Coram?

6 MR. KIPNES: Objection to  
7 the form.

8 MR. GODNICK: Objection.

9 BY MR. LEVY:

10 Q. For past service rendered by Crowley  
11 to Cerberus in connection with Coram?

12 MR. KIPNES: Objection.

13 MR. GODNICK: Objection.

14 THE WITNESS: I didn't know  
15 what the past services were.

16 BY MR. LEVY:

17 Q. You didn't ask?

18 A. I knew that he had been advising  
19 Cerberus on various other matters that  
20 Cerberus had. That's what I thought they  
21 were talking about.

22 Q. Did he tell you that, did Crowley  
23 tell you that Cerberus was his principal  
24 client?

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1 MR. KIPNES: Objection to  
2 the form of the question.

3 THE WITNESS: I don't recall  
4 him saying Cerberus is my principal  
5 client, no.

6 BY MR. LEVY:

7 Q. In your view, if you thought that  
8 Crowley had a continuing conflict of  
9 interest, but that he was doing a really  
10 good job with Coram, that he could bring  
11 this matter to a conclusion, would it have  
12 been your judgment to keep him on?

13 A. No. That would not have been my  
14 judgment.

15 Q. So, by the time you decided to keep  
16 him on, you had come to a clear view that  
17 there was no conflict of interest?

18 A. Well, I really never decided to keep  
19 him on as such. It was moving forward in  
20 the hopes that we could reach a pretty  
21 quick resolution of this. I don't think I  
22 ever said to myself or to my counsel, "I  
23 want you to understand, Mr. Bressler, I  
24 made a decision to continue this." I have

1 never made that judgment.

2 Q. Didn't you permit Mr. Crowley to  
3 tell all of his employees at the end of  
4 March that things were going to continue as  
5 before? That he was going to be the CEO?  
6 Nothing was going to change?

7 A. Did I permit Mr. Crowley to tell his  
8 people that? I don't think I permitted him  
9 to tell his people that, unless you are  
10 talking about the general situation at  
11 Coram.

12 I did assure the executives  
13 that their situation would continue as in  
14 the past. I had to give them that  
15 assurance or else I probably would have run  
16 the risk of losing them or hurting their  
17 morale, but I don't recall saying that  
18 Mr. Crowley is going to continue indefinitely  
19 as in the past.

20 Q. I didn't say indefinitely. Did you  
21 tell, permit Mr. Crowley to tell his  
22 employees that he was going to continue  
23 operating the company in the past?

24 MR. BEATIE: Objection.

1 This is another example of your --

2 MR. LEVY: Mr. Beatie, the  
3 rules require if you object, you object  
4 to the form.

5 MR. BEATIE: I would prefer  
6 you preserve this for the courtroom so  
7 somebody can appreciate your  
8 cross-examination skills instead of  
9 wasting the time of ten lawyers while we  
10 watch you.

11 BY MR. LEVY:

12 Q. As he said in the past

13 A. I don't know what you mean by the  
14 word "permit." I didn't say to Mr. Crowley  
15 now you go ahead and tell that to your  
16 employees, no. I did say to the employees  
17 in the meeting room when we were all  
18 together, that "Until further notice, we  
19 are going to continue as we have." I don't  
20 think the emphasis was on Crowley. The  
21 emphasis was on operations.

22 I imagine that Mr. Crowley  
23 wanted to create the impression on his,  
24 certainly, his executive staff, that there



1 would not be a disruption. As a good  
2 executive, I would understand that, but I  
3 never gave him any assurance.

4 Q. You are sure of that, sir?

5 A. Am I sure? When you say gave him  
6 assurance in writing or anything, yes, I  
7 never gave him any assurance in writing. I  
8 can't recall any. Maybe I did. If you  
9 have a document, show it to me. Maybe it  
10 will refresh my mind.

11 Q. I do.

12 (Trustee-4, an E-mail,  
13 marked for identification.)

14 BY MR. LEVY:

15 Q. This is a document, Trustee 6465  
16 with the Bates number through 68.

17 A. This is from Kurt Davis to me.

18 Q. Do you know who Kurt Davis is?

19 A. One of those gentlemen at the  
20 meeting. I don't know anything more than  
21 that.

22 Q. Does it refresh your recollection  
23 that in this message, Mr. Davis is passing  
24 along requests that you review a letter

1 that he intended to send to Coram employees?

2 A. It does.

3 Q. And is that your handwriting at the  
4 bottom of that page that says, "Your letter  
5 of March 26 is fine"?

6 A. No, it is not.

7 Q. Do you recall telling someone to  
8 tell Mr. Crowley that the letter of  
9 March 26 was fine?

10 A. No.

11 Q. Look at page 6466. Tell me who  
12 Margaret Kalalian is?

13 A. That is my secretary.

14 Q. And would you read to me what she  
15 says in the message to "Dear Mr. Davis"?

16 A. "Judge Adams said that your letter  
17 of March 26 is fine."

18 Q. Will you agree with me now that you  
19 said the March 26 letter was fine?

20 A. Would I agree with you now that the  
21 March 26 letter --

22 Q. That you told Mr. Davis that the  
23 letter, the proposed letter of March 26, is  
24 fine?

1 A. No, I did not tell Mr. Davis that.

2 Q. Did you tell Miss Kalalian to tell  
3 Mr. Davis that?

4 A. I may have said something to that  
5 effect. I cannot recall what I told her.

6 Q. Do you think she made a mistake when  
7 she passed that along?

8 A. I can't say that. I can't recall  
9 what I told her.

10 Q. Do you think it likely that your  
11 secretary was reporting accurately what you  
12 told her to tell Mr. Davis?

13 A. She could have. I could have said  
14 something to the effect I have no objection  
15 or something like that. I can't recall  
16 that. That is along time ago, March 26.

17 Q. How long has Miss Kalalian been your  
18 secretary?

19 A. A few years.

20 Q. Is she reliable?

21 A. I think so.

22 Q. Therefore, isn't it likely that you  
23 did tell her to pass along --

24 A. It's possible, but I don't recall

1 it.

2 Q. Let's look now at the draft letter  
3 of March 26, Trustee number 6467 and 8.  
4 This was a letter in which Mr. Crowley in  
5 the fourth paragraph, the second sentence  
6 beginning "Judge Adams"--

7 A. Yes.

8 Q. "Yesterday we had our first meeting  
9 with Arlin Adams."

10 MR. GODNICK: I don't think  
11 it's necessary to read it into the  
12 record.

13 BY MR. LEVY:

14 Q. Thank you. I would like to do it.  
15 "Yesterday we had our first meeting with  
16 Arlin Adams." And it goes on to say, "you  
17 spent the afternoon with us," and then it  
18 says, "Judge Adams was complimentary of the  
19 work all you have been doing to stabilize  
20 and strengthen Coram." Is that true? Were  
21 you complimentary?

22 A. I was.

23 Q. "He has asked me to continue  
24 operating the company in my present role,

1 reporting to him in essentially the same  
2 manner as I reported to Coram's board of  
3 directors."

4 Is that statement correct?

5 Did you ask Mr. Crowley to continue  
6 operating the company in his present role?

7 A. More or less words to that effect.

8 That is not my language. But something to  
9 that effect.

10 Q. And this is the letter that you may  
11 have given him approval to send?

12 A. I don't know whether I gave him  
13 approval.

14 Q. Well, I'm talking about as indicated  
15 by Miss Kalalian's "Judge Adams says this  
16 is fine" message.

17 A. Yes.

18 Q. Pardon?

19 A. That's right. You have to  
20 understand the context of this entire thing.  
21 You see, you look at this proceeding and  
22 you may be right. Judge Walrath may say  
23 that Mr. Levy's approach here is the  
24 correct approach and what you did Judge

1 Adams is wrong. That is not the way I saw  
2 my assignment. I wanted to keep this  
3 company together and functioning so we  
4 could get it out of bankruptcy. What  
5 you're trying to do here is, by these  
6 questions, is to engage in a verbal,  
7 legalistic battle with me. If you wish to  
8 do that, you're probably right legally. If  
9 you wish to run a company, you are clearly  
10 wrong legally. And that's where you and I  
11 are not seeing it the same way and you  
12 didn't see my assignment the way I did. I  
13 can understand why you are here spending a  
14 lot of time, a lot of money, a lot of the  
15 creditor's money arguing these points.  
16 That was not my point of view. If that's  
17 what the Court wants and if that's what the  
18 Trustee wants, I will gladly step down  
19 because that's not what I saw my assignment  
20 to be. That's not why I accepted it.

21 Now, you have to use that  
22 context in evaluating the questions or my  
23 answer to your questions.

24 Q. Well, Mr. Adams, I will ask you some

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1 more questions that will make my point of  
2 view clearer.

3 On March 7 you get  
4 appointed. You read an opinion which  
5 clearly says there is a conflict of  
6 interest. Tell me if I'm saying anything  
7 wrong about your testimony.

8 A. We have gone over this this morning.  
9 Yes, that's right.

10 Q. You go out and Mr. Crowley says to  
11 you, the contract has been terminated, the  
12 agreement has been terminated, my  
13 relationship has been terminated. You  
14 don't ask for documents, you don't verify  
15 it and now on March 26 --

16 MR. BEATIE: Are you  
17 assuming or cross examining or  
18 interrogating? I object to this. I  
19 object to having to pay for it.

20 BY MR. LEVY:

21 Q. On March 26, you permit Mr. Crowley  
22 to write a letter saying he is going to  
23 continue operating the company in its  
24 present role, is that correct?

1 MR. KIPNES: Objection to  
2 the form.

3 MR. GODNICK: Objection to  
4 the form.

5 THE WITNESS: I think what  
6 it says, it says. I think I have  
7 explained why I permitted him to send  
8 the letter out. I could have stopped  
9 the letter. I don't think I approved  
10 the letter. I don't think I said it was  
11 a fine letter. It's not the letter I  
12 would have written, but it's not a legal  
13 brief and that's the thing you don't  
14 seem to understand or don't want to  
15 understand. I think it's because you  
16 don't want to understand it. I think,  
17 looking back over our relationship over  
18 the past many months, that has been the  
19 problem. You look at it not for what is  
20 in the best interest of Coram; you look  
21 at it as to what is in your best  
22 interest. I can understand that. I  
23 disagree with it. I'm disappointed in  
24 it, but I can understand it. You can't



1 understand what I have done or what I  
2 have said with that point of view.  
3 There is no way you can understand it.

4 BY MR. LEVY:

5 Q. Thank you.

6 Mr. Adams, on March 25 or  
7 March 26, had you come to believe in your  
8 heart that there was no longer a conflict  
9 of interest on Crowley's part?

10 (Multiple objection by  
11 counsel.)

12 MR. BEATIE: At least number  
13 three; probably number five.

14 THE WITNESS: I have tried  
15 to explain that I recognize that Judge  
16 Walrath believed properly so that there  
17 was a conflict. I have no objection to  
18 that. I don't question that. When I  
19 went out there, I thought that there was  
20 a problem. I was concerned. I  
21 discussed it with my counsel. I did  
22 discuss it with Mr. Crowley. I took his  
23 answers and brought them back and  
24 discussed it further with my counsel.

1           Was this the only thing in my mind? Of  
2           course not. That's not why I was  
3           appointed to be the Trustee. My job was  
4           to make sure that this company could  
5           continue in a viable way. That was  
6           upper most. In order to protect the  
7           interest, not of myself, it didn't  
8           protect me, it would have protected the  
9           interest of the creditors, equity  
10          committee, Noteholders also. That was  
11          uppermost.

12                        You have to understand my  
13          answers in that context or you don't  
14          understand them.

15       BY MR. LEVY:

16           Q. Mr. Adams, how would it protect the  
17          interest of the equity holders if  
18          Mr. Crowley had a conflict of interest in  
19          which his duty of loyalty was no longer to  
20          the equity holders, but was to a principal  
21          creditor?

22                        (Multiple objection.)

23       BY MR. LEVY:

24           Q. In March.

1           A. I never perceived that Mr. Crowley  
2           was operating in order to help Cerberus or  
3           Goldman or whoever these creditors were.  
4           My perception was that he was operating  
5           this company as effectively as he could  
6           have been at the time under the  
7           circumstances. The figures supported that.  
8           My interviews with the executives supported  
9           that when I went out into the field.

10          Q. We are in March, still in March.

11          A. Yes. That's when I had these  
12          interviews with the executives.

13          Q. Are you aware that Judge Walrath in  
14          her opinion made a finding of fact that  
15          everything, that nothing Crowley did would  
16          have been without, without unduly  
17          considering the interests of Cerberus?

18          A. At that time, yes. I am concerned.  
19          I was concerned.

20          Q. Were you concerned when you went out  
21          there in March?

22          A. Certainly. I wouldn't have had the  
23          discussion with them.

24          Q. Were you concerned when you let him

1     send out that letter saying he was going to  
2     operate the company the same as he had done  
3     before?

4                     MR. GODNICK:  Objection to  
5     the form of the question.

6                     MR. KIPNES:  Objection.

7                     THE WITNESS:  Was I  
8     concerned?  I was not thinking of the  
9     conflict issue.  What he was doing was  
10    sending this letter to his people.  They  
11    were not involved in the conflict.  He  
12    was trying to give them assurance,  
13    ladies and gentlemen, keep working as  
14    you have, things are going well.  He  
15    wasn't getting into conflicts.

16  BY MR. LEVY:

17         Q.  He was saying Judge Adams asked me  
18     to continue operating the company in my  
19     present role in, essentially, the same  
20     manner as I reported to Coram's directors?.

21                     MR. BEATIE:  Number 4.  I  
22     object to the continued repetition.

23                     THE WITNESS:  I don't think  
24     I could add very much more.  I can't

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1 give you what is not there. I told you  
2 what motivated me and what was foremost  
3 in my mind in approving that letter.  
4 And, as it turned out, it has worked  
5 pretty well. The executives have  
6 stayed. The customers have stayed. The  
7 sales have gone up. The EBITDA has been  
8 pretty good. Cash flow has been pretty  
9 good. I thought I was doing exactly  
10 what the Court wanted me to do and the  
11 Trustee wanted me to do. If I'm wrong,  
12 I'm perfectly willing to step down.

13 I think you are taking a  
14 point of view that is different from the  
15 point of view that I have taken. I  
16 respect it, but we disagree.

17 BY MR. LEVY:

18 Q. Can you exclude the possibility,  
19 sir, that with someone else operating it,  
20 you didn't have possibly a conflict? That  
21 the company might have done even better?.

22 MR. GODNICK: Objection to  
23 the form of the question.

24 THE WITNESS: I did not

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1 exclude that possibility.

2 Q. Do you exclude it now?

3 A. No. I have discussed that matter  
4 time and time again with the experts that I  
5 have had, with my counsel, and with other  
6 people in the field who have made offers  
7 for the company as a matter of fact, parts  
8 of the company, and I have not found  
9 anyone, frankly, beside yourself and your  
10 colleagues who have criticized Mr. Crowley.  
11 I took that very seriously.

12 I spent a lot of time with  
13 Don Liebentritt when he came at least once  
14 to talk to me about it and I have talked to  
15 you about it and, you know, you and I have  
16 talked on the phone many times. Don has  
17 talked on the phone many times. I took  
18 your concerns very seriously. I had to  
19 make a critical decision. Was I wrong? I  
20 don't think so. If the Court thinks I was  
21 wrong, I will step aside. If the Trustee  
22 thinks I was wrong, I will step aside.

23 I wrote a letter, an interim  
24 letter to the Trustee telling him exactly

I was  
no Lee

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1     what was happening. I never got a response  
2     indicating that they were unhappy about it.  
3     The Court has never indicated that they  
4     were unhappy. The only unhappiness has  
5     been on primarily on the part of you and  
6     Don Liebentritt. You may be right.

7           Q. Tell me about that. Why do you  
8     think I might be right.

9                   MR. GODNICK: Objection to  
10     the question.

11                   THE WITNESS: You believe  
12     that because of Mr. Crowley's  
13     relationship either in the past or  
14     present that he does not operate the  
15     company as effectively as somebody else  
16     might.

17     BY MR. LEVY:

18           Q. That is not our position here. I  
19     believe that Mr. Crowley has a continuing  
20     conflict of interest whether he is  
21     operating it, sir, effectively or not.

22                   MR. MILLER: Objection. You  
23     are making a speech.

24                   MR. LEVY: This is a

1 predicate to a question. Whether he is  
2 operating it effectively or not may well  
3 be determined at some future time.

4 BY MR. LEVY:

5 Q. I'm trying to find out your views  
6 about when he stopped having a conflict of  
7 interest. I have not yet --

8 MR. KIPNES: Objection to  
9 the form of the question. If you are  
10 going to call him Mr. Adams, do not ask  
11 him questions that call for a legal  
12 conclusion. That question does and it  
13 comes from an erroneous, legal  
14 predicate. I can talk louder if you  
15 like.

16 MR. LEVY: Let's take a  
17 break.

18 (Recess taken, 11:05 a.m.)

19 (Resumed 11:12 a.m.)

20 BY MR. LEVY:

21 Q. Mr. Adams, is it correct that on  
22 March 26 or about that day you directed  
23 Mr. Crowley to continue operating Coram on  
24 a day-to-day basis, except that you,



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1 Mr. Adams, are now to be considered the  
2 board?

3 A. I don't know about the word directed  
4 him. I don't think I did that. That is  
5 not my style. It would be unusual for me  
6 to direct anybody to do anything. But, I  
7 told him that until further notice, I would  
8 expect him to continue operating the  
9 company as he has in the past.

10 MR. LEVY: Let's mark as  
11 Exhibit 5, a letter dated March 26  
12 directed to you by Mr. Crowley bearing  
13 Bates number 4161 through 71.

14 (Trustee-5, a letter dated  
15 March 26, 2002, marked for  
16 identification.)

17 BY MR. LEVY:

18 Q. Take a moment and read that.

19 A. I have seen it.

20 Q. Do you notice that Mr. Crowley on  
21 that date March 26, that was the day after  
22 your meeting with him in Denver, correct?

23 A. Correct.

24 Q. He says, "As you have directed, it

1 is my understanding that I am to continue  
2 operating Coram on a day-to-day basis,  
3 except that you are now to be considered  
4 the 'board.'"

5 Did you, in substance, tell  
6 him that?

7 A. I didn't direct him. I said why  
8 don't you continue doing what you are doing  
9 unless I tell you otherwise? Knowing my  
10 own style, I don't direct anybody to do  
11 anything.

12 Q. On July 12 -- this is a letter which  
13 we will mark Exhibit 6, Trustee number 6445  
14 and 46.

15 (Trustee-6, a letter dated  
16 July 9, 2002, marked for  
17 identification.)

18 BY MR. LEVY:

19 Q. You will notice there is a copy  
20 shown to you, Mr. Adams.

21 A. I do notice.

22 Q. Do you remember reading that letter?

23 A. I think I recall this letter, yes.

24 Q. This letter comes from Mr. Crowley's

1 lawyer, Scott Schreiber.

2 A. Yes.

3 Q. He says in the second paragraph,  
4 "Since the Trustee's appointment,  
5 Mr. Crowley's responsibilities have  
6 remained virtually unchanged. Over the  
7 past four months, the Trustee has relied  
8 extensively on Mr. Crowley to operate Coram  
9 on the Trustee's behalf, just as  
10 Mr. Crowley operated Coram prior to the  
11 Trustee's appointment." Is that statement  
12 correct?

13 A. No, I don't think that is a correct  
14 statement.

15 Q. In what way is it incorrect?

16 A. When he says "just as he did prior  
17 to his appointment," I would not say, I  
18 would not use the word superbly.

19 Q. Just the first two sentences. We  
20 will get to superbly in a moment.

21 A. I don't think "extensively" is the  
22 right word. This is a lawyer's letter.  
23 This is an advocate's letter. You can't  
24 put his words in my mouth.

1 Q. I'm not trying to. Let's break it  
2 down. Is it a correct statement that since  
3 you were appointed, his responsibility  
4 remained virtually unchanged?

5 A. I think that's true.

6 Q. Is it also correct that over the  
7 past four months, backwards from July, you  
8 relied extensively on Crowley to operate  
9 Coram on your behalf?

10 A. I relied on him. I wouldn't say  
11 extensively. I relied on him with our own  
12 safeguards.

13 Q. Is it correct that you relied on him  
14 to operate it just as he had operated Coram  
15 prior to your appointment?

16 A. That's what I started to say.

17 Q. What is incorrect?.

18 MR. MILLER: Allow the  
19 witness to complete his answer.

20 BY MR. LEVY:

21 Q. Did you complete your answer?

22 A. No. What I was trying to say, it  
23 was a different operation than his prior  
24 operation.

1 Q. How was it different?

2 A. Because I was in charge. He was not  
3 in charge.

4 Q. What were you in charge of?

5 A. Of everything.

6 Q. How did you go about --

7 A. I think what he is talking about,  
8 what I delegated to him was his dealing  
9 with customers and his executive staff,  
10 whatever the official name was. That I did  
11 not want to disturb because I thought it  
12 would detract from the successful operation  
13 of the business. But the legal and  
14 financial matters, I did not delegate to  
15 him. They were my responsibility.

16 Q. What about the operation of the  
17 business?

18 A. The day-to-day operation, yes, he  
19 had day-to-day operation.

20 Q. You have said that there was some  
21 safeguards. What were the safeguards?

22 A. I had to approve any important  
23 contract, any bonuses, things of that sort,  
24 any long-term contracts, the IRS matter,

1 the Price-Waterhouse matter, anything of  
2 that sort.

3 Q. Go ahead.

4 A. He didn't have any discretion over  
5 those.

6 Q. Wasn't that true before? Didn't he  
7 have to -- wasn't it your understanding  
8 that he had to get approval from his board  
9 of directors prior to your appointment for  
10 items?

11 A. I don't know that. I don't know.

12 Q. To the extent this statement was  
13 incorrect or partially incorrect, did you  
14 make any effort to convey back to  
15 Mr. Schreiber that this is wrong, this is  
16 not what I understand?

17 A. The letter was not addressed to me,  
18 so I wouldn't have corrected it. If I  
19 start correcting all the letters that I  
20 receive in connection with this matter,  
21 that's all I would be doing. I didn't see  
22 that as my job. You, apparently, think  
23 that that was my job. You may be correct.  
24 Perhaps, the Trustee will agree with you.

1 Perhaps, the Court will agree with you. If  
2 they do, I will step down. That is not the  
3 role I accepted. I'm not, at my age, going  
4 to parse letters from the attorneys for  
5 Mr. Crowley or from you or from your  
6 esteemed colleague. I'm not in that  
7 business. That's not the role that I  
8 accepted. If what you are trying to  
9 demonstrate here is that I should have done  
10 that, if you show that to the judge and she  
11 agrees with you, fine.

12 Q. Did you --

13 A. I have no desire to remain.

14 Q. Did you ask Mr. Bressler to --

15 A. We are not going to ask Mr. Bressler  
16 to answer lawyers' letters and make  
17 corrections to those letters. I would not  
18 use the creditors money to do that. I  
19 think that's an improvident way to spend  
20 the creditors' money. You think it's the  
21 right thing to do. God bless you. You may  
22 be right.

23 Q. Further in this letter that you have  
24 in front of you, it looks like the fact

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1 Mr. Crowley's troubled or his lawyers  
2 troubled by the fact that you have not  
3 approved his performance-based incentives.  
4 Why hadn't you at that point approved his  
5 performance-based incentives?

6 A. Because I don't think I had an  
7 adequate opportunity to observe them.

8 Q. In July?

9 A. I didn't think it was in order, yes.

10 Q. What more at that point did you  
11 think you needed to know to get that  
12 adequate opportunity?

13 A. I can't tell you that. I didn't  
14 think four months was a long enough period.  
15 I didn't think that I was in a position at  
16 that time to approve incentive payments. I  
17 was not that sure of what we were going to  
18 do. I tried to say this several times now.  
19 I will say it one more time. I did not  
20 perceive that as my job. I thought that  
21 the Trustee wanted me to do that; or if the  
22 Court expected me to do that, I would not  
23 have accepted this job. That is not what  
24 the Trustee told me. Therefore, you are



1     trying to get me to evaluate all of these  
2     documents through your lens. I can't do  
3     that. That is not what I was about.

4           Q. You did approve incentive bonuses at  
5     that time to other executives?

6           A. That's right. That was in line with  
7     keeping the company intact so it could be  
8     saleable or viable for the benefit of  
9     creditors. That was my pulstar. Your  
10    pulstar seems to be correcting legal  
11    statements from attorneys. I didn't see it  
12    that way.

13          Q. If you wouldn't tell me what I  
14    think, I'm asking the questions.

15          A. Your questions indicate that.

16          Q. You said that one of your safeguards  
17    was to approve or disapprove important  
18    contracts, for example, correct?

19          A. Important?

20          Q. Contracts.

21          A. Yes.

22          Q. That was?

23          A. Yes.

24          Q. Let me ask you this: You have no

1     personal experience in the health care

2     business, do you?

3             A. I do, yes, considerable.

4             Q. What was your experience in the

5     health care business?

6             A. Well, let me start out by saying

7     that as a young lawyer, I was appointed by

8     the Court to supervise a home for

9     incurables. After spending a year doing

10    that, I reached the conclusion that we

11    ought to make it a rehabilitation hospital.

12            Q. What year was this, sir?

13            A. Probably 1960.

14                         It has become one of the

15    leading rehabilitation hospitals in the

16    United States. As a result of that, the

17    governor of Pennsylvania appointed me to be

18    Secretary of Health and Welfare of

19    Pennsylvania in 1963, a job that gave me

20    supervision of all the hospitals in

21    Pennsylvania. In the course of that job, I

22    actually visited every hospital in

23    Pennsylvania.

24                         After I terminated my duties

1 in that regard, I returned to Philadelphia.  
2 I did not go back to Moss because while I  
3 was the secretary, I had certain  
4 transactions with Moss. I thought it was  
5 better not to do that and I went to another  
6 institution known as the Einstein Medical  
7 Center; eventually became the chairman of  
8 the board of that institution.

9 I was appointed by the mayor  
10 of Philadelphia as a member of the Hospital  
11 Study Commission that supervised the  
12 construction and addition of any new  
13 hospitals in the area. So, for a long time  
14 now I have been kind of associated with the  
15 industry.

16 Q. Were you ever a director, officer of  
17 a for-profit health care company?

18 A. Yes. While I was chairman of  
19 Einstein, there was a period, let me see if  
20 I can give you dates, in which it became  
21 the practice in the United States for the  
22 nonprofits to create a series of profit  
23 hospitals and Einstein at that time -- I  
24 did about four of them. So, I had that

1 experience.

2 Q. What years?

3 A. Roughly, in the eighties. 1980.

4 Then, I also had a major role in the Oxford  
5 Hospital which was a profit hospital. It  
6 has since been absorbed by one of the big  
7 hospitals here.

8 Q. The last time you were involved with  
9 a for-profit health care venture was in the  
10 '80's?

11 A. No. I don't think that is right.  
12 That would have been into the, maybe, the  
13 early '90's. I'm not sure of the exact  
14 date.

15 Q. Can you give me an approximation of  
16 the number of important contracts that were  
17 presented to you for decision?

18 A. Here in Coram?

19 Q. Yes.

20 A. I think we had a rule that anything  
21 over \$50,000 I had to approve or that any  
22 continuing contract and any contract  
23 dealing with pharmacies, except  
24 pharmaceutical supplies, that Coram was

1 using on a day-to-day basis, we had a  
2 protocol.

3 Q. And did you actually, yourself, then  
4 examine each of those contracts that fell  
5 within that protocol?

6 A. Yes. They were brought into me  
7 almost weekly, periodically.

8 Q. Who brought them into you?

9 A. A gentleman in this office. I don't  
10 recall his last name. His first name is  
11 Joe. Joe Devine.

12 Q. Did they come in with a recommendation  
13 from Mr. Crowley to be approved?

14 A. I don't know that it was a  
15 recommendation as it was a recommendation  
16 of Mr. Marabito.

17 Q. Did you ever return a request?

18 A. We did, yes.

19 Q. Which ones?

20 A. I can't recall.

21 Q. Which ones?

22 A. There are scads of these contracts  
23 that came in every week. I can't tell you.  
24 I would send them back and say I want some

1 more information.

2 Q. Did you ever look to any source,  
3 other than the company, whether it's  
4 Crowley, Marabito or someone else, for  
5 advice in deciding whether you should or  
6 should not approve these contracts that  
7 fell within the protocol?

8 A. Yes. I remember having at least an  
9 hour discussion out in Denver on two  
10 occasions regarding the purchase of  
11 software and technical material that was  
12 being used extensively.

13 Q. With who?

14 A. I can't tell you the name.

15 Q. What role?

16 A. He was in charge of that.

17 Q. At Coram?

18 A. Yes.

19 Q. My question was: Did you ever  
20 consult anyone who didn't work for Coram,  
21 an outside advisor, for example, as to  
22 whether a particular contract should or  
23 should not be approved?

24 MR. GODNICK: Objection.

1           The questions go beyond the limited  
2           scope of this deposition.

3                       THE WITNESS: On the renewal  
4           of the contract, which is the matter, I  
5           guess, that is under consideration  
6           here --

7       BY MR. LEVY:

8           Q. Renewal of which contract?

9           A. Of Crowley's contract. We talked to  
10          the investment bankers, talked to two of  
11          them.

12          Q. I'm talking about business contracts  
13          that came to you because they fell within  
14          the protocol. My question is: Did you  
15          ever consult anyone, other than an employee  
16          of Coram, with respect to your decision as  
17          to whether you should approve, not approve,  
18          or question those contracts?

19          A. I can't recall doing that.

20          Q. What is Mr. Crowley's salary, do you  
21          know?

22          A. Say that again.

23          Q. What is his salary?

24          A. Well, I can tell you his yearly

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1 salary. We can break it down into months.

2 Q. How much?

3 A. It has been \$650,000 a year. We can  
4 divide that by twelve and get a monthly  
5 amount. That's what it was when I took  
6 over. I did not give him any increase.

7 Q. Prior to the hiring of the  
8 investment banker, SSG and EMG --

9 MR. KIPNES: EMB.

10 BY MR. LEVY:

11 Q. --which was, I believe, in October  
12 or November -- strike that.

13 Why didn't you increase  
14 Crowley's salary?

15 A. Frankly, I thought that \$650,000 was  
16 a lot of money.

17 Q. Too much?

18 A. No. I was willing to accept the  
19 judgment of my predecessors and not reduce  
20 it or anything like that. But I was not  
21 concerned that \$650,000 was not an adequate  
22 salary. I don't recall that he asked me  
23 for an increase. I don't recall that. I  
24 have no recollection of him saying don't



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1     you think it's about time I get more money?

2             Q. You don't recall Mr. Crowley  
3     constantly asking for more money, incentive  
4     bonuses, in one form or another?

5             MR. GODNICK: Objection.

6             That is opposed to money he may have  
7     been entitled to under his existing --

8             THE WITNESS: He did raise  
9     the bonus question once or twice. I  
10    don't recall raising the basic salary  
11    question. I could be wrong on that. I  
12    don't have any visual picture of his  
13    saying how about increasing this from  
14    six-fifty to seven. If he did, he did.  
15    But, I don't recall it.

16    BY MR. LEVY:

17             Q. Do you think he is greedy?

18             A. I don't think it would be fair for  
19    me to apply that to anybody in this room or  
20    anybody in my own family. I don't do that.  
21    I take people at face value. Maybe he is.  
22    I don't know.

23             Q. Are you aware of who Mr. Amaral is?

24             A. I know what his position was.

1 Q. Are you aware he testified at one  
2 point that he thought Mr. Crowley was  
3 greedy?

4 A. Maybe I recall that. I wouldn't put  
5 much credence in something like that.  
6 Maybe he is. Maybe he is not. I don't  
7 know. I may have been a judge, but I don't  
8 go around judging people. I don't do that.  
9 I don't even do that with you in the way  
10 you are questioning me. I give you the  
11 benefit of the doubt.

12 Q. Do you think you have the skills and  
13 experience to operate Coram?

14 MR. KIPNES: Objection.  
15 Objection to the form of the question.  
16 What does that have to do with the  
17 purpose we are here today, which is to  
18 talk about Mr. Crowley?

19 THE WITNESS: Let me answer  
20 it this way.

21 (Question read back.)

22 THE WITNESS: I doubt if I  
23 have skills to do very much at my stage  
24 in life, including answering tough

1 questions in a deposition. But, to be  
2 specific, I discussed with Mr. Bressler  
3 and maybe Mr. Kipnes on several  
4 occasions whether it might be more  
5 advisable for me to go out to Denver and  
6 try to run this company and let  
7 Mr. Crowley be terminated. That came up  
8 primarily in the course of discussing a  
9 review of his contract. But even before  
10 that, I gave it some thought. I talked  
11 to my wife about it and said what would  
12 you think if I stayed in Denver, say,  
13 four or five days a week? She gave me  
14 the answer that she has always has given  
15 me. "If you think it's the right thing  
16 to do, we will do it," or "you will do  
17 it."

18 I worried, however, that it  
19 might be disruptive to the organization.  
20 He was getting along so well with his  
21 employees and his executive team and the  
22 results that he was achieving were  
23 sufficiently good that I put it aside,  
24 but I kept it in mind.

1 Q. Do you feel you were competent at  
2 this point to operate the company?

3 MR. KIPNES: Objection to  
4 the form of the question.

5 THE WITNESS: Well, I don't  
6 want to make a self-evaluation. Could I  
7 do as good a job as Mr. Crowley?  
8 Probably not. Could I do an adequate  
9 job? Maybe. But, I don't think I can  
10 be a self evaluator. I don't think that  
11 is a good idea.

12 Q. Prior to the retention of SSG and  
13 EMB -- I'm sorry, strike that question.

14 You said you consulted with  
15 Mr. Bressler and, perhaps, Mr. Kipnes about  
16 the notion of your going out there. You  
17 were seeking business advice, not legal  
18 advice at that time?

19 A. That's right.

20 Q. Did you often seek business advice  
21 from Mr. Bressler and Mr. Kipnes?

22 A. Did you say often?

23 Q. Yes. Did you ever seek business  
24 advice?

1 A. Yes.

2 Q. How often did you do that?

3 A. Oh, from time to time; not  
4 continuously.

5 Q. Did you and Mr. Bressler and  
6 Mr. Kipnes ever exchange writings, E-mails,  
7 memoranda, that related to business advice?

8 A. I can't recall any. I would doubt  
9 it. I don't use E-mail for that purpose.  
10 I think it's highly unlikely. If you found  
11 one, then you found one.

12 Q. Did Mr. Kipnes ever send E-mails or  
13 memoranda to you that included any business  
14 advice?

15 A. Sitting here today, I can't recall  
16 any.

17 MR. KIPNES: There were  
18 none. You can have my assurance.

19 MR. LEVY: Why is that?

20 MR. KIPNES: I don't give  
21 business advice. If I were putting  
22 something in writing to Judge Adams, who  
23 is my client, I would be certain it  
24 would be privileged, which leads me to

1 ask, your agreement that in answering  
2 all these questions we are letting him  
3 answer, none of that will be deemed to  
4 have waived any attorney/client  
5 privilege. You are not going to respond  
6 to that?

7 MR. LEVY: I have to think  
8 about that.

9 MR. KIPNES: Fair enough.

10 BY MR. LEVY:

11 Q. I will ask the question: Prior to  
12 the retention of SSG and EMB, what persons  
13 did you, what persons did you consult in  
14 making your decisions about Coram, about  
15 Crowley, other than Mr. Bressler and other  
16 people at the Schnader firm?

17 MR. KIPNES: When you say  
18 retention, do you mean the date on which  
19 the Court approved the actual retention  
20 of those organizations? Or do you mean  
21 when the judge first started talking to  
22 them?

23 BY MR. LEVY:

24 Q. Let's start with the first date you

1 started talking to them, which was about  
2 when? When did you start talking to SSG  
3 and EMB, not about retaining then them, but  
4 when you started?

5 A. I guess it was the summer of 2002,  
6 maybe the fall of 2002. That is the best I  
7 can give you.

8 Q. You can't do any better than that?

9 A. Can you help, Barry?

10 MR. BRESSLER: In the early  
11 summer of 2002.

12 MR. KIPNES: He is making a  
13 statement for the record.

14 THE WITNESS: That conforms  
15 with my understanding. I talked to two  
16 other people beside him.

17 Q. Who did you talk to?

18 A. I early on talked to Martin  
19 Goldsmith who was the CEO of Albert  
20 Einstein Medical Center here in Philadelphia  
21 because I wanted to get a feel of  
22 compensation and whether he thought that  
23 there were people in this field who would  
24 be interested in a Coram-type operation.

1 Q. You mean interested to take over as  
2 CEO?

3 A. No, no. He would not have taken  
4 over; who would be interested in acquiring  
5 a Coram-type operation.

6 I mentioned the salary to  
7 him. He thought it was in line. He said  
8 he could not give much help on a takeover  
9 proposition because it was really out of  
10 the general run of operating a large  
11 metropolitan city hospital.

12 Then, I talked to a client  
13 of mine, Jeffrey Pearlman, who runs a very  
14 extensive dental equipment company, Dental  
15 E. I'm on the board of that company and  
16 asked I for his evaluation. He thought it  
17 was somewhat out of his line, but he said  
18 he thought that there might be an interest,  
19 but he couldn't put a figure on it.

20 Q. Neither of these people involved  
21 receiving advice from them about the  
22 operation of Coram, is that a fair  
23 statement.

24 A. Well, I did, when I talked to



1 Jeffrey Pearlman, I told him about Dan  
2 Crowley and the problem that he had and he  
3 said be very, very careful in disturbing  
4 that relationship because you could hurt  
5 the morale of the people working under him;  
6 and that was consistent with my concern  
7 because I thought that the worst thing that  
8 I could do was really destroy the corpus  
9 over which I had responsibility. If I  
10 pulled him away and the other people were  
11 to say to themselves, well, he has removed  
12 Crowley, I guess I'm next; maybe I better  
13 look for another job. Before we were  
14 finished, we could have a very reduced  
15 operation and, I think, the creditors would  
16 have a real complaint. That worried me all  
17 the time.

18 Q. What worried you that the creditors  
19 would have a complaint?

20 A. They would have a very serious  
21 complaint about the exercise of my judgment.

22 Q. Were you worried that the Equity  
23 Committee would have a serious complaint?

24 A. Sure. I thought they might even sue

1 me.

2 Q. You said you explained to the dental  
3 person about Crowley's problem. that was  
4 Jeffrey --

5 A. Pearlman.

6 Q. About Crowley's problem. What did  
7 you say about Crowley's problem?

8 A. Well, the conflict, the opinion of  
9 the Court.

10 Q. What did you say, do you remember,  
11 or the substance of what you said?

12 A. I'm not going to address that.

13 Q. What did you tell him about the  
14 conflict opinion?

15 A. I told him that there was this  
16 opinion by the bankruptcy judge.

17 Q. Please tell me, as best you recall,  
18 the substance of what you said about this  
19 opinion.

20 A. I said, "Jeffrey, one of the  
21 problems that I have is whether I should  
22 replace Mr. Crowley." "Why do you want to  
23 do that?" I said, "Well, the bankruptcy  
24 judge in an opinion or two opinions had

1 expressed some concern about a conflict."  
2 He said, "Well, I can't get into that. I'm  
3 not a lawyer, but if you do decide to  
4 replace him, you better be careful not to  
5 shake the confidence of the executive  
6 staff."

7 Q. When was this conversation which you  
8 said that, approximately?

9 A. April, May of 2002.

10 Q. You were still concerned about the  
11 conflict in April and May 2002?

12 MR. KIPNES: Asked and  
13 answered.

14 THE WITNESS: I wouldn't say  
15 that I was still concerned about it.  
16 That was not the emphasis. The emphasis  
17 that I was putting on my discussion with  
18 Jeffrey was what happens if you disturb  
19 the leadership of an organization like  
20 Coram? That was really what I was  
21 trying to find out. He said to be very,  
22 very careful.

23 BY MR. LEVY:

24 Q. Apart from these two people, did you

1 ever get, apart from SSG and EMB, did you  
2 ever get advice concerning the operation of  
3 Coram? Did you ever go to them and say  
4 Crowley wants me to a propose this  
5 contract? Crowley is doing this, what do  
6 you think?

7 A. I didn't seek outside advice  
8 contracts, no.

9 Q. Did you ever do anything when you  
10 would get these business issues put to you  
11 to verify that you were getting the  
12 straight story from Crowley and the people  
13 who reported to him?

14 MR. GODNICK: Objection to  
15 the form of the question.

16 THE WITNESS: Yes, I would  
17 ask questions.

18 BY MR. LEVY:

19 Q. Give me an example.

20 MR. KIPNES: Objection.

21 THE WITNESS: I would ask  
22 questions of Joe Devine when he would  
23 come in with the contracts. How about  
24 this, this, go back and check it. He

1 would go back. There were a series of  
2 executives there, junior executives,  
3 however you want to characterize them,  
4 Marabito. There were a whole series of  
5 them. "Judge Adams wants additional  
6 information," he would say. What is the  
7 story?

8 Q. Dennis reports to Crowley?

9 A. Yes, sir.

10 Q. Marabito reports to Crowley?

11 A. Yes.

12 Q. Their future in Coram, at least at  
13 that time, was determined by Crowley,  
14 wasn't it?

15 MR. KIPNES: Objection to  
16 the form of the question.

17 THE WITNESS: Maybe to some  
18 extent. But I don't think he would make  
19 a change without consulting me of that  
20 nature. I don't think he ever  
21 discharged any of those people.

22 Q. They were pretty secure in their  
23 jobs?

24 MR. KIPNES: Objection to

1 the form.

2 MR. GODNICK: Objection.

3 THE WITNESS: Well, he

4 knew -- let me tell you what happened.

5 When I went out to Denver, I would

6 always give them an opportunity to speak

7 with me individually with his not being

8 present, so I had a pretty good idea of

9 how they viewed him, how they viewed me

10 and what their future plans were which

11 were very important to me.

12 BY MR. LEVY:

13 Q. Did you consider that they might be

14 biased because Crowley was their boss?

15 MR. NEUWIRTH: Objection.

16 THE WITNESS: Yes.

17 BY MR. LEVY:

18 Q. Were you able to determine that they

19 were or not biased when you met separately?

20 A. I think that's one of my skills. I

21 don't have many skills. I think by talking

22 to somebody, I could determine that with

23 reasonable certitude.

24 Q. Your conclusion was that they were

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1 not biased?

2 A. I didn't find that. I thought they  
3 gave me a pretty good evaluation of him.  
4 They weren't necessarily in love with them,  
5 but they had a high regard for his ability.  
6 They thought he was keeping the company  
7 together; he was keeping it on the upward  
8 road. That had a great influence on me.

9 Q. Did you ever talk to anyone outside  
10 of the company about Crowley, what his  
11 reputation was in the health care industry,  
12 for example?

13 A. I think I did, but I can't give you  
14 any names.

15 Q. Did you ever investigate Crowley in  
16 his relationship with Foundation Health?

17 A. With Foundation Health, no.

18 Q. That's the one that he refers to as  
19 a Fortune 200 company. You heard him use  
20 that expression?

21 A. I may. I can't recall that.

22 Q. Mr. Adams, every week according to  
23 documents we have here, sometimes more  
24 often, you did get a long letter from

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1 Mr. Crowley?

2 A. That's right, every week. He would  
3 give me a report every week.

4 Q. Those reports, generally speaking,  
5 spoke highly of Dan Crowley, is that  
6 correct? Is that your impression of them?

7 A. Well, I don't think that's a fair  
8 characterization. I think he reported that  
9 they continued to make progress and,  
10 perhaps, reading between the lines, one  
11 would assume that he was taking credit for  
12 that progress. I don't recall that he  
13 continuously said that.

14 Q. Do you recall his saying he  
15 performed a miracle at Coram in one of  
16 those letters?

17 A. Oh, I think, he did say that. He  
18 thought it was a great accomplishment given  
19 the circumstances that he was able to  
20 continue to improve the revenues and EBITDA  
21 and cash flows.

22 Q. Generally, he blamed his  
23 predecessors for all the problems, is that  
24 fair?



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1 MR. KIPNES: Objection to  
2 the form of the question.

3 BY MR. LEVY:

4 Q. Is that your impression?

5 A. I think he blamed a predecessor for  
6 the acquisition that lead to the heavy  
7 debt. I do think that.

8 Q. Did you ever make any investigation  
9 to determine whether that predecessor  
10 deserved such blame?

11 A. No.

12 Q. You just took Crowley at his word?

13 A. That was not a consideration. It's  
14 past history.

15 Q. In the letters he wrote to you, did  
16 you ever take any steps to verify what he  
17 told you with sources outside of Coram?

18 A. Well, what he was giving me were the  
19 sales, the cash flow, the EBITDA. I spoke  
20 to Ernst & Young on two occasions. It so  
21 happened that the accountant in charge had  
22 a name like mine so I could remember it,  
23 although he spelled it differently and I  
24 was convinced that they were doing a pretty

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1 good job as auditors. I relied on their  
2 audits.

3 Q. What convinced you they were doing a  
4 pretty good job as auditors?

5 A. My interview with him.

6 Q. You sort of functioned as a board of  
7 directors, is that fair?

8 A. Correct.

9 Q. You know that boards of directors  
10 are required in fact to have audit  
11 committees?

12 A. Correct.

13 Q. And one of the requirements  
14 currently under Sarbanes-Oxley is there be  
15 a financial expert on the audit committee,  
16 correct?

17 A. Correct.

18 MR. BEATIE: Are you trying  
19 a tax fraud case or --

20 MR. LEVY: You are not going  
21 to allow me --

22 MR. BEATIE: The answer is  
23 no, only because I'm exercising maximum  
24 restraint. There is an old saying that

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1       you can't kill somebody because it's  
2       against the law.

3                   MR. LEVY: I understand.

4                   MR. BEATIE: I suggest that  
5       you go back to deposition 101 and learn  
6       how to ask proper questions.

7                   MR. LEVY: I wish you would  
8       stop interrupting me.

9                   It's correct you were  
10       sanctioned by a Federal District Court.

11                   MR. BEATIE: Would you would  
12       like to sanction me? I invite the  
13       effort.

14                   MR. LEVY: Let's get back.

15       BY MR. LEVY:

16               Q. You are not a financial expert, are  
17       you?

18                   MR. KIPNES: Objection. I  
19       ask you what this has to do with  
20       Mr. Crowley?

21                   THE WITNESS: Am I a  
22       financial expert?

23               Q. As that term is generally understood.

24               A. I invest for many foundations and

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1 trusts and all that. I would not hold out  
2 a shingle saying I'm a financial expert,  
3 but I think I know how to read balance  
4 sheets and financial statements. I was an  
5 accounting major in college. I did  
6 accounting all during the time I was in  
7 college and law school. I don't know what  
8 you mean by an expert. I'm not a CPA.

9 Q. Are you in a position where you  
10 could -- you had no audit committee?

11 A. Correct.

12 Q. Are you in a position where you  
13 could perform the functions of an audit  
14 committee in order to interface with the  
15 auditors?

16 MR. GODNICK: Objection to  
17 this line of questioning.

18 MR. KIPNES: If you want to  
19 bring a motion to remove the Trustee,  
20 bring a motion to remove the Trustee.  
21 We are here talking about Mr. Crowley.

22 MR. BEATIE: No, we are not.

23 MR. KIPNES: We are supposed  
24 to be talking about Mr. Crowley.

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1                   THE WITNESS: I do have a  
2                   certain expertise in going over  
3                   statements. I had a strong background  
4                   in accounting. I was an accountant and  
5                   made a living as an accountant. I  
6                   continue to run a lot of trust accounts,  
7                   foundations. I did a lot of this work  
8                   when I was at Einstein. I did a lot of  
9                   this work when I was at the Oxford  
10                  Hospital. I don't hold myself out as an  
11                  expert, but I think I can understand  
12                  these financial statements sufficiently  
13                  well so that I can tell when an expert  
14                  should be called in to advise me.

15       BY MR. LEVY:

16               Q. And did you call in an expert to  
17       advise you?

18               A. No.

19               Q. How much time did you spend  
20       interfacing with Ernst & Young with respect  
21       to the financial statements?.

22                   MR. MILLER: Objection.

23               This is not about retaining Crowley,  
24       terminating Crowley, who are paying

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1 Crowley. This is about Judge Adams'  
2 background and ability to be the audit  
3 committee of Coram. Let's move on with  
4 this and get this deposition in the  
5 right place where we need to get to so  
6 you can finish.

7 THE WITNESS: On two  
8 occasions, I met with the Ernst & Young  
9 people. We would go over the quarterly  
10 statements. We talked to them by  
11 conference call. Every time we did it,  
12 four or five times now, I don't remember  
13 how many times we did it that way. We  
14 asked questions and sometimes we were  
15 not satisfied with the answers and they  
16 dug further in and gave us the answers  
17 because we had, I had to certify under  
18 Sarbanes-Oxley and I was very careful  
19 about that.

20 Q. How much time, total, roughly, did  
21 you spend interfacing with Ernst & Young?

22 A. On those occasions?

23 MR. KIPNES: How much time  
24 on --

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1 Q. How much time?

2 A. I can't tell. A half hour, maybe  
3 three-quarters of an hour.

4 Q. Twice?

5 A. Yes.

6 Q. You said "we interfaced." Who is  
7 the "we"? Who else?

8 A. Well, at that time, I think on one  
9 occasion, Joe Devine. I forget  
10 whether Barry Bressler was there on another  
11 occasion. I can't remember who from this  
12 office was with me.

13 Q. When Barry and Devine were there,  
14 they were not there to give you legal  
15 advice, they were there to give you  
16 business advice?

17 MR. GODNICK: Objection.

18 THE WITNESS: Not business  
19 advice. Really, accounting advice.

20 The reason that Joe Devine  
21 went out, he is a securities lawyer and  
22 knows the Sarbanes-Oxley bill pretty  
23 well. That is why we had him there. He  
24 handled for me the review of the

1 contracts, review of the quarterly  
2 statements and any other matters  
3 involving the financial auditing and  
4 related subjects. I thought that with  
5 him, and my own background and my  
6 confidence in Ernst & Young, that was  
7 pretty good. If it wasn't, I'm very  
8 sorry. I don't think I would have been  
9 justified in spending any more time than  
10 I did. Again, that was not the  
11 principal assignment that I had. You  
12 have to take your questions and my  
13 answers in that context.

14 BY MR. LEVY:

15 Q. Mr. Adams, have you considered what  
16 you would do if Mr. Crowley was  
17 incapacitated, hit by a trolley car, as  
18 people our age used to say?

19 A. I certainly did. I thought I had  
20 went over that before when I talked about  
21 my going out myself. I was prepared to do  
22 that.

23 Q. Did you consider, rather than your  
24 going out, hiring a crisis manager?



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1           A. Yes, we did. I think Don, your  
2     colleague, suggested it. Perhaps, you  
3     suggested it. And that was one of the  
4     things that we discussed with the financial  
5     managers.

6                   MR. KIPNES: You said  
7     financial manager. You meant the  
8     financial advisor.

9                   THE WITNESS: Financial  
10    advisors, I beg your pardon. I  
11    misspoke.

12   BY MR. LEVY:

13       Q. Would you agree that the Equity  
14    Committee has constantly asked both Crowley  
15    be removed and tried to assist you in  
16    selecting a crisis manager to replace him?

17       A. I think that's a fair statement.

18       Q. Let's just --

19       A. We took the advice very, very  
20    seriously. I have tried to point that out.

21       Q. Who is "we"?

22       A. I did.

23       Q. Did you discuss it with anyone?

24       A. Yes. I discussed it with,